

VZCZCXRO9498
RR RUEHPA
DE RUEHFN #0136 1041543
ZNY CCCCC ZZH
R 141543Z APR 09
FM AMEMBASSY FREETOWN
TO RUEHC/SECSTATE WASHDC 2579
INFO RUEHZK/ECOWAS COLLECTIVE

C O N F I D E N T I A L FREETOWN 000136

SIPDIS

DEPARTMENT FOR AF/W (JHUNTER/ESPRUILL)

E.O. 12958: DECL: 04/14/2019

TAGS: [ECON](#) [EAID](#) [EFIN](#) [SL](#)

SUBJECT: IMF REPS CONCERNED BUT PATIENT REGARDING SIERRA
LEONE ECONOMY

REF: FREETOWN 79

Classified By: Ambassador June Carter Perry for reasons 1.4 (b/d)

¶1. (C) Summary: On April 6, Ambassador met with IMF representatives to discuss their private views on GoSL performance since December 2008. Resident Representative Alvin Hilaire, Chief of Mission Norbert Toe and incoming Chief of Mission Jan Mikkelsen, discussed their disappointment that promises made during the December review, including the implementation of a Goods and Services Tax (GST), have not been kept. They also discussed the new Poverty Reduction Strategy Paper (PRSP), set for presentation by President Koroma on April 22. Despite their concerns, including how Sierra Leone will absorb the impact of the global economic crisis, all stated that, as a fragile state, the country deserves patience and leeway from international financial institutions as it implements policy recommendations. End Summary.

¶2. (C) The purpose of the April 6 meeting was to introduce the Ambassador to Jan Mikkelsen. Norbert Toe and Alvin Hilaire are both out-going, moving to Namibia and Washington respectively. The group spent a week conducting a review on progress made since their last substantive visit in December 2008, in which an additional USD 15 million was added to the agreement to help them reach their goals and address the food and fuel crisis in the country at that time. The team stated their disappointment regarding the lack of progress, indicating that government revenues fell short of targets, and that donors also did not provide promised funds in a timely way.

¶3. (C) The contingent particularly focused on the GoSL's failure to implement the promised GST. In December, the government was given until April to put the necessary systems in place, but they discovered on this trip that the bill to create the GST has yet to even be tabled in Parliament. They noted that while inertia is unsurprising in a fragile state like Sierra Leone, the lack of progress is still frustrating. On the positive side, however, they noted the cabinet reshuffle (reftel) as hope for the future. They are particularly pleased with the changes in the Ministries of Finance and Mineral Resources (Note: Ambassador has a meeting scheduled with the new Minister of Finance on April 15. End note.).

¶4. (C) The team informed Ambassador that the new PRSP will be presented on April 22 by the President. Its completion is a positive, if delayed, development though the team said that the draft they saw was concerningly vague. It touches on the key themes and areas of interest, but does not identify what they want to achieve or how they plan to achieve it. Ambassador said that this is consistent with our own bilateral discussions on the MCC - priorities, such as curbing corruption and boosting social indicators are acknowledged, but the GoSL seems very uncertain about concrete steps that can be taken to meet objectives.

15. (C) The team stated that a Consultative Group for the PRSP will likely be held in London in October. The current financing gap for the plan is USD 850 million over 3 years, but this figure could increase due to the global financial crisis.

16. (C) Comment: Though disappointed by the seemingly limited commitment on the part of the GoSL to keep promises and make necessary policy changes, the completion of the PRSP and changing of the guard at the Ministry of Finance is cause for some optimism. Still, the IMF approach to Sierra Leone will likely continue to be one of watchful caution until the Koroma administration goes further to prove that it can implement systemic changes and account effectively for donor funds. End Comment.
PERRY